Service Date: June 15, 1993

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * * *

IN THE MATTER of the Application of PACIFICORP for authority to issue and sell Debt and No Par Serial Preferred Stock in an amount not to exceed $150,000,000.	)	UTILITY DIVISION DOCKET NO. 93.6.21 DEFAULT ORDER NO. 5710

On June 1, 1993, PacifiCorp (Company), a corporation organized and existing under and by virtue of the laws of the State of Oregon and qualified to transact business in Montana, filed with the Montana Public Service Commission its verified application, pursuant to §§ 69-3-501 through 69-3-507, MCA, requesting an order authorizing the Company to issue and sell, in one or more offerings, not later than December 31, 1994, (i) not more than $150,000,000 of units (Purchase Units) consisting of fixed-rate unsecured debt and contracts to purchase fixed-rate No Par Serial Preferred Stock, or (ii) shares of its fixed-rate No Par Serial Preferred Stock, or (iii) a combination of Purchase Units and shares of No Par Serial Preferred Stock, provided that the aggregate preference on involuntary liquidation of the Preferred Stock issued or issuable hereunder not exceed $150,000,000.

The application is supported by exhibits and data in accordance with the rules and regulations of the Commission governing the authorization of the issuance of securities by electric and gas utility companies operating within Montana.

For detailed information with respect to the general character of the Company's business and the territories served by it, reference is made to its annual reports on file with the Commission.

The application sets forth Counsel who will pass upon the legality of the proposed issuance, the other regulatory authorizations required, and the propriety of the proposed issue.

At a regular open session of the Montana Public Service Commission held in its offices at 1701 Prospect Avenue, Helena, Montana, on June 11, 1993, there came before the Commission for final action the matters and things in Docket No. 93.6.21, and the Commission, having fully considered the application and all the data and records pertaining to it on file with the Commission and being fully advised in the premises, makes the following:

FINDINGS

1. The Company is a corporation organized and existing under and by virtue of the laws of the State of Oregon and is qualified to transact business in the State of Montana.

2. The Company is operating as a public utility as defined in §69-3-101, MCA, and is engaged in furnishing electric service in Montana.

3. The Company was incorporated under Oregon law in August, 1987, for the purpose of facilitating consummation of a merger with Utah Power & Light Company, a Utah corporation, and changing the state of incorporation of PacifiCorp from Maine to Oregon. The Company uses the assumed business names of Pacific Power & Light Company and Utah Power & Light Company within their respective service territories located in the states of California, Idaho, Montana, Oregon, Utah, Washington and Wyoming.

4. The Commission has jurisdiction over the subject matter of the application under §69-3-102, MCA.

5. Notice of the application was published as a part of the Commission's regular weekly

agenda.

6. The Company proposes to issue and sell, from time to time not later than December 31, 1994, (i) not more than $150,000,000 of Purchase Units consisting of fixed-rate unsecured debt and contracts to purchase shares of its fixed-rate No Par Serial Preferred Stock, or (ii) shares of its fixed-rate No Par Serial Preferred Stock, or (iii) a combination thereof, provided that the aggregate preference on involuntary liquidation of the No Par Serial Preferred Stock issued or issuable pursuant to said authority not exceed $150,000,000. The number of shares of No Par Serial Preferred Stock (Preferred Stock) issued pursuant to the Purchase Units will depend upon the involuntary liquidation preference assigned to each share, with an aggregate preference on involuntary liquidation not to exceed the principal amount of the debt originally issued and sold. In the event the Company chooses to issue its Preferred Stock separately in one or more series, the number of shares will depend upon the assigned liquidation preference on involuntary liquidation, but the aggregate preference on involuntary liquidation of the Preferred Stock will not exceed $150,000,000.

7. The Purchase Units will include an unsecured debt obligation of the Company that will be subordinate to its senior debt (e.g. first mortgage bonds) and have a maturity of up to 10 years. The Purchase Units will also include a purchase contract obligating the holders to purchase and the Company to issue Preferred Stock. The related debt may or may not include optional or mandatory redemption provisions, which will be determined after negotiations with underwriters. Because the Purchase Units will be sold primarily to retail investors who desire terms and conditions similar to those of perpetual preferred stock, the Purchase Units are expected to be offered in $25 increments and to be listed on the NYSE. The debt component of the Purchase Units will bear a fixed rate of interest, and the Company will also be obligated to

pay a fixed contract fee with respect to the purchase contract component of the Purchase Units.

8. The Preferred Stock will be issued pursuant to the Purchase Units or, in the alternative, will be issued separately. The Preferred Stock will be issued pursuant to the Company's Articles; will constitute one or more new series of a class of the Company's authorized preferred stock; will be entitled to cumulative dividends, redemption rights, liquidation preference rights and voting rights as determined by the Company following negotiations with the underwriters. Otherwise, the Preferred Stock will have the same rights, terms and characteristics as the outstanding series of the Company's No Par Serial Preferred Stock. These rights, terms and characteristics are set forth in the Company's Articles. Because the Purchase Units and Preferred Stock are expected to be issued and sold primarily to retail investors, the Preferred Stock is expected to have a stated value of $25 per share and be listed on the NYSE. In the event Purchase Units are issued, the dividend rate on the Preferred Stock issuable pursuant to the contracts will bear a fixed dividend rate equal to the sum of the coupon on the debt and the fee on the related contract, and will be paid quarterly. If the Company issues its Preferred Stock separately, the dividend will be fixed at a rate established at the time of issuance after negotiation with the underwriters. All other rights, terms and characteristics of the Preferred Stock will be the same as described above.

9. The Purchase Units will include contracts providing for the issuance of Preferred Stock at a time the Company meets its Articles issuance tests. The Company expects that the purchase contracts will include provisions requiring that the Preferred Stock be issued at a specified date or upon the occurrence of a specified event or events. The purchase contracts may also have a provision that would terminate the purchase requirement upon certain events, such as bankruptcy of the Company, a reduction in the Company's senior debt rating below investment

grade or a specified increase in the yield of treasury bonds with a maturity equal to the original maturity of the debt. Upon the occurrence of these events, it is expected that the related debt would become payable.

10. The Company also anticipates that the purchase contracts may be separable from the related debt. If separated, payments pursuant to the contracts will retire the related debt at the time the Preferred Stock is issued. The Company expects that holders will be obligated to secure their purchase obligation if they separate the debt from the contract. If the debt is not separated, it will be retired in connection with issuance of the Preferred Stock.

11. Offering costs are not expected to exceed 3.15% for the Purchase Units and Preferred Stock.

12. The expected results of the offering and sale of the Debt are as follows:

ESTIMATED RESULTS OF THE FINANCINGS

	Total	Per $100
Gross Proceeds	$150,000,000	$100.00
Less: Underwriting Fees at Approximately 3.15%	4,725,000	3.15
Proceeds Payable to Company	145,275,000	96.85
Less: Other Issuance Expenses	570,000	0.38
Net Proceeds to Company	$144,705,000	$ 96.47

13. The net proceeds of the issuances will be used to reimburse the Company's treasury for funds expended from income and from other treasury funds that were not derived from the issuance of securities. The funds to be reimbursed were used in furtherance of one or more of the utility purposes authorized by §69-3-501, MCA. To the extent that the funds to be reimbursed

were used for the discharge or refunding of obligations, those obligations or their precedents were originally incurred in furtherance of a utility purpose.

14. Issuances of the Purchase Units and Preferred Stock proposed are part of an overall plan to finance the cost of the Company's facilities taking into consideration prudent capital ratios, earnings coverage tests and market uncertainties as to the relative merits of the various types of securities the Company could sell.

15. The issuance of an order authorizing the proposed financing does not constitute agency determination/approval of any issuance-related ratemaking issues which issues are expressly reserved until the appropriate proceeding.

CONCLUSIONS OF LAW

1. The proposed issuances of Debt to which the application relates will be for lawful objects within the corporate purposes of the Company. The method of financing is proper.

2. The application should be approved.

ORDER

IT IS THEREFORE ORDERED by the Commission that:

1. The application of PacifiCorp filed on June 1, 1993, for authority to issue and sell, in one or more offerings, not later than December 31, 1994, (i) not more than $150,000,000 of units (Purchase Units) consisting of fixed-rate unsecured debt and contracts to purchase fixed-rate No Par Serial Preferred Stock, or (ii) shares of its fixed-rate No Par Serial Preferred Stock, or (iii) a combination of Purchase Units and shares of No Par Serial Preferred Stock, provided that the aggregate preference on involuntary liquidation of the Preferred Stock issued or issuable hereunder not exceed $150,000,000, pursuant to §§ 69-3-501 through 69-3-507, MCA, and to use the proceeds as described in the application, is approved.

2. PacifiCorp shall file the following as they become available:

   a. The "Report of Securities Issued" required by 18 CFR 34.10.

   b. Verified copies of any agreement entered into in connection with the issuance of Purchase Units and Preferred Stock pursuant to this order.

   c. A verified statement setting forth in reasonable detail the disposition of the proceeds of each offering made pursuant to the order.

3. Issuance of this Order does not constitute acceptance of PacifiCorp's exhibits or other material accompanying the application for any purpose other than the issuance of this Order.

4. Approval of the transaction authorized shall not be construed as precedent to prejudice any future action of this Commission.

5. Section 69-3-507, MCA, provides that neither the issuance of securities by PacifiCorp pursuant to the provisions of this Order, nor any other act or deed done or performed

in connection with the issuance, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any security authorized, issued, assumed, or guaranteed.

6. This Order shall be effective upon execution.

DONE IN OPEN SESSION at Helena, Montana, this 11th day of June, 1993, by a 5 to 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

BOB ANDERSON, Chairman

BOB ROWE, Vice Chairman

DAVE FISHER, Commissioner

NANCY McCAFFREE, Commissioner

DANNY OBERG, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.